

HOUSE BILL No. 1281

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-10-44; IC 6-1.2.

Synopsis: Property tax exemptions. Requires the department of local government finance to adopt rules for determining whether property is used for a charitable purpose. Requires payments in lieu of taxes (PILOTS) on property exempt from property tax, except for certain property used for governmental, educational, and religious purposes.

Effective: Upon passage; July 1, 2008.

Saunders, Crawford

January 15, 2008, read first time and referred to Committee on Ways and Means.

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Second Regular Session 115th General Assembly (2008)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2007 Regular Session of the General Assembly.

HOUSE BILL No. 1281

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-10-44 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: **Sec. 44. (a) For purposes of this section and**
4 **section 16 of this chapter, a charitable purpose exists if:**

5 (1) **there is substantial evidence that the property is used to**
6 **provide relief of human want;**

7 (2) **the charitable acts are different from the everyday**
8 **purposes and activities offered by noncharitable activities;**
9 **and**

10 (3) **a benefit will inure to the general public sufficient to**
11 **justify the loss of tax revenue.**

12 **(b) The department of local government finance shall adopt**
13 **rules under IC 4-22-2 for determining whether property is used for**
14 **a charitable purpose under section 16 of this chapter.**

15 **(c) The department of local government finance shall take into**
16 **account the following factors for rules adopted under this section:**

17 **(1) The availability of the same type of services provided by**

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the entity claiming a charitable property tax exemption as services offered by a noncharitable entity.

(2) The ability of a beneficiary of services provided by a charitable entity to pay for the same services from a noncharitable entity.

(3) Whether charitable services provided by a charitable entity are required as part of a continuum of care to a beneficiary of the charitable entity.

(4) Any factor the department of local government finance determines necessary to determine whether property is used for a charitable purpose.

SECTION 2. IC 6-1.2 IS ADDED TO THE INDIANA CODE AS A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]:

ARTICLE 1.2. PAYMENTS IN LIEU OF TAXES

Chapter 1. Definitions

Sec. 1. The definitions in IC 6-1.1-1 apply throughout this article.

Sec. 2. "PILOTS" refers to payments in lieu of taxes.

Chapter 2. Imposition of PILOTS

Sec. 1. Except as provided in section 2 of this chapter, PILOTS are payable each calendar year with respect to tangible property exempt from property taxes under IC 6-1.1.

Sec. 2. PILOTS are not payable with respect to:

(1) a building or structure that is exempt from property taxes:

(A) under:

- (i) IC 6-1.1-10-1;
- (ii) IC 6-1.1-10-2;
- (iii) IC 6-1.1-10-3;
- (iv) IC 6-1.1-10-4;
- (v) IC 6-1.1-10-5;
- (vi) IC 6-1.1-10-5.5;
- (vii) IC 6-1.1-10-6;
- (viii) IC 6-1.1-10-7;
- (ix) IC 6-1.1-10-8;
- (x) IC 6-1.1-10-15;
- (xi) IC 6-1.1-10-17;
- (xii) IC 6-1.1-10-19;
- (xiii) IC 6-1.1-10-21; or
- (xiv) IC 6-1.1-10-38; or

(B) under IC 6-1.1-10-16 and used:

- (i) for educational purposes;

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- 1 (ii) for religious worship; or
 2 (iii) as a parsonage;
 3 (2) personal property that is exempt from property taxes:
 4 (A) under a section listed in subdivision (1)(A); or
 5 (B) under IC 6-1.1-10-16 and used:
 6 (i) for educational purposes; or
 7 (ii) for religious worship; and
 8 (3) land:
 9 (A) that is exempt from property taxes under a section
 10 listed in subdivision (1)(A);
 11 (B) that is exempt from property taxes under
 12 IC 6-1.1-10-16 and used for educational purposes; or
 13 (C) on which a building or structure referred to in
 14 subdivision (1) is located.
 15 Sec. 3. PILOTS are imposed within each political subdivision
 16 and are based on the assessed value of the tangible property
 17 described in section 1 of this chapter. The county assessor shall
 18 assess the property described in section 1 of this chapter as though
 19 the property were not subject to an exemption.
 20 Sec. 4. The amount of the PILOT is the greater of:
 21 (1) one hundred dollars (\$100); or
 22 (2) one percent (1%) of the assessed value of the property that
 23 is subject to a PILOT under this chapter.
 24 Sec. 5. PILOTS:
 25 (1) shall be collected and distributed in the same manner as
 26 property taxes are collected and distributed;
 27 (2) may be used for any purpose for which property taxes may
 28 be used; and
 29 (3) are otherwise treated in the same manner as property
 30 taxes for purposes of all procedural and substantive
 31 provisions of law.
 32 SECTION 3. An emergency is declared for this act.

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